

# Iraq Study Group for Rhode Island

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**W**E'VE HAD BEACON MUTUAL and the \$104,000 typist, and now we can add a budget battle that pitted one plan to put 17-year-olds in adult jail just to save money against one that would have eliminated 1,000 jobs without a plan for restructuring. For too many residents, these situations are beginning to feel regular and endemic to Rhode Island. A sense of hopelessness and fatalism is setting in.

Residents are beginning to feel as if there are no adults in the room. They heard their leaders talk about a "tough budget environment" like it was a heat wave and totally out of their control. We seem to grope forward, mindlessly accepting a worsening situation as the natural order of things.

We can't allow this to continue. We need to recognize this for what it is — a state financial crisis and what it requires for resolution — a long-term, strategic plan to move forward.

To do so, we must recognize that our state's predicament has a diagnosable cause. It is the result of an ideology that has guided the federal government and recent Rhode Island governors, and has been accepted by many state legislators of both parties. It says that government itself is fundamentally defective — that it is a beast to be starved.

This ideology has produced two major consequences that have been devastating to local governments and Rhode Island families.

The first is the state policy that I call "freeze and squeeze." Freeze income tax, sales tax, corporate tax and fees and then put the squeeze on cities and towns by shifting a greater share of education costs to them, imposing a cap on local spending, and imposing costly mandates on local communities. The stated goal of this is to lower property taxes. If that were ever achieved, the thinking goes, the quality of life in our cities and towns would improve and the economy would take off.

It may sound good but it has failed in practice, and that's what matters. Despite claims made for the efficacy of cutting taxes, the state policy of shifting costs to local governments and imposing costly mandates has resulted in annual property-tax increases in nearly every city and town.

The result has been unreliable financial planning, poor management and disappointing performance. It has produced the opposite of what was intended — budget growth without economic growth. The idea that government is bad is becoming a self-fulfilling prophecy.

The truth is that we have all the vision and expertise we need to tackle the state's structural deficit, educate our kids, and plan for the long-term prosperity of Rhode Island. Unfortunately, our state leaders have been sapped of the energy, imagination and discipline needed to make government work.

Luckily for us, we don't have to worry about a lack of energy anymore. If there's one good thing about a crisis, it is that it moves people to action. All the energy now being wasted through anger and anxiety needs to be channeled into creating a sound long-term plan for future years. History shows we have to act while the pain is still fresh.

For mayors and town administrators across Rhode Island, responsible for leading local governments, the need for action is particularly urgent. We are, after all, the ones faced with the nearly impossible task of making up for what this failed system has produced.

Here's what I suggest: Create a Manhattan Project or an Iraq Study Group for Rhode Island. Call it the Reinventing Rhode Island Task Force. Ask experts in public policy, finance, business and human services both from Rhode Island and from out of state to participate. Designate respected, retired leaders with executive political experience as the chairs. Give the group nine months to offer bold new solutions in the following areas:

**Find a path to fiscal stability and closing the structural deficit.** Something as simple as a five-year strategic financial plan, along with discipline, have had a major impact in Providence. Since 2004, the rate of city budget growth has been half of the state's and less than the Consumer Price Index. This despite our having absorbed a great share of education costs in each of the last four years.

**Modernize state government to provide better services with as few resources as possible.** A government culture that recognizes that funds are held in public trust and demands that every opportunity is seized to maximize value through technology and restructuring has been the driving force behind Providence's fiscal improvement. It requires that everyone, from unions to politicians, to rethink old practices. Consider, for example, consolidation efforts, such as a county-government model for certain services like schools, public safety and public works, and statewide plans for health care and retirement.

**Create a plan to provide a sustainable funding system for the world's best schools.** Two independent studies have shown that the state must increase funding to reach its own high education standards. We have a stark choice between increased funding and lower standards. A global economy makes that choice for us. A real plan to adopt an equitable and fair school-funding formula is an absolute necessity.

**Restructure the tax system to eliminate reliance on the property tax.** Rhode Island relies more heavily on property taxes to pay for schools than somewhere between 45 and 48 states, depending on who you ask. This is step one in any sound tax policy.

**Restore the image of Rhode Island government.** State leaders have to send a bold message that Rhode Island's quality of government is as great as its quality of life. Recent economic activity in Providence should cast aside any doubt. Image matters.

This group should be compelled to act with great urgency and all state leaders, from both the public and private sectors, should be urged to support their work in any way they can. Its members should be encouraged to consider new ideas and new solutions and not to be bound by current paradigms. When in doubt, they should opt for a new solution in place of the old.

As business and economic-development leaders in our state have pointed out, there are advantages to be leveraged from the unique characteristics of Rhode Island. Just as our small size and close-knit networks ought to make us a perfect proving ground for business innovation, they should do the same for government innovation.

If we can recognize the crisis we are in for what it is, if we can lay down our arms to pool our energy into bold and productive solutions, if we can believe again in the power of good people to make government work, we can make Rhode Island a national leader in innovation. We can live up to the great tradition of Roger Williams and Samuel Slater, and we can be proud of our government again.

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Providence  
Journal